

**MINUTES
EAGAR TOWN COUNCIL
REGULAR MEETING
22 W. 2nd St., Eagar, AZ
September 6, 2011 – 7:00 P.M.**

Mayor Kim Holaway called the meeting to order and welcomed those present. Mayor Holaway said to let the record show that Councilor Debbie Rogers is currently absent, however she is planning to attend this meeting later in the evening. All other council members are present. Mayor Holaway led the Pledge of Allegiance and Bill Greenwood offered the invocation.

COUNCIL PRESENT: Kim Holaway, Mayor
 James Nelson, Jr., Vice Mayor
 Gary Finch
 Byron Smith
 Steve Erhart
 Tim Rasmussen

COUNCIL ABSENT: Debbie Rogers (arrived at approximately 8:30 p.m.)

STAFF PRESENT: Bill Greenwood, Town Manager
 Bruce Ray, Community Development Director
 Eva Wilson, Town Clerk
 Katie Wood, Finance Administrator
 Steve Christensen, Public Works Administrator
 Mike Hogan, Police Chief

ITEM #5: SUMMARY OF CURRENT EVENTS

A. MAYOR

Mayor Kim Holaway reported that she attended the League of Arizona Cities and Towns Conference at which Mayor Holaway and Town Manager Bill Greenwood gave a presentation on Eagar's experiences with the Wallow Fire. They let the audience know that our forests are still intact and able to receive visitors.

B. COUNCIL

None.

C. STAFF

Town Manager Bill Greenwood reported that he participated in a conference call with the Promoter, Tony Kyle.

ITEM #6: OPEN CALL TO THE PUBLIC

Springerville-Eagar Regional Chamber of Commerce Director Becki Christensen reported:

- Country Fire event occurred on September 3, 2011 at Lyman Lake. The event was deemed a success and there are plans to make this an annual event. However, a new venue may be sought.
- Christmas Festival events are planned for December 1-18, 2011 with the Christmas Light Parade to be held on December 10, 2011. December 11-18, 2011 the Becker Wildlife Trail will be lighted and businesses will have an opportunity to set up displays.
- The Chamber is still receiving input from the community regarding the Buy Local Survey. The Chamber will have a booth at the Preparedness Fair on September 17, 2011 to receive more comments from the public.
- Promoter Tony Kyle will be in Round Valley on September 20, 2011 to attend the Steering Committee meeting and the Chamber Mixer that will be held at Trailriders Restaurant. The public is invited to attend the Mixer to meet with Mr. Kyle. Mr. Kyle would also like to address the Eagar and Springerville Councils at a joint meeting as recommended by the town managers.
- Promoter Tony Kyle is planning a winter jamboree event February 17-20, 2012 to be held at the Dome. The event will feature a winter equipment expo.

Eagar resident Mike Etherton stated that this is the third year he has addressed the Eagar Council regarding the need for sidewalks or a walking path on North Butler Street between 4th Avenue and Ramsey Park. Mr. Etherton stated that Butler Street is a busy street for pedestrians and bicyclist, especially children as they are going to and from Ramsey Park. Mr. Etherton stated that he has seen improvements made at Ramsey Park and at a new park on Main Street (Centennial Park), however he stressed that there is a need to make North Butler Street safe for pedestrians too.

Town Manager Bill Greenwood reported to the Council that there is a need to advertise for the acceptance of bids for material needed on the LeSueur Drainage Grant Project. If the Council has any objections to the advertisement being placed in the newspaper, contact him immediately.

Eagar resident Michelle Craig stated that after attempting to change a variance in order to allow a land split of her property, the new ordinance was just as prohibitive as the older code as it requires her to make a road improvement to a town road that is not dedicated in order for a land spilt to be allowed. The new ordinance still requires that Ms. Craig develop an “all weather road” of which the Town has no standard or definition. If this situation cannot be rectified, two lots of Ms. Craig’s property are in danger of being land locked. Ms. Craig also urged the Council to consider the need for proper definitions to be added to the Town Code that will encourage residents and businesses to build here.

ITEM #7: PRESENTATIONS

A. PRESENTATION TO SEPTEMBER 2011 “SHINING STARS” COMMUNITY HONOREE(S)

Mayor Holaway stated that there is not a September “Shining Star”. A “Shining Star” honoree will be presented in October and in the future.

ITEM #8: CONSENT AGENDA

APPROVAL OF MINUTES OF EAGAR TOWN COUNCIL MEETINGS HELD AUGUST 2011

APPROVAL OF JULY 2011 BANK TRANSMITTALS 1-23 NATIONAL BANK OF AZ CHECKS WRITTEN FROM 30510-30738, PAYROLL DIRECT DEPOSIT VOUCHERS 7141101-7281134, CARD MEMBER SERVICE CREDIT CARD PURCHASES

Councilor Steve Erhart moved to approve the Consent Agenda as presented. Vice-Mayor James Nelson, Jr. seconded; all were in favor, motion carried unanimously. 6-0

ITEM #9: UNFINISHED BUSINESS

A. DISCUSSION AND CONSIDERATION OF JULY FINANCIAL REPORT, AND TOWN'S SALES TAX REVENUE REPORT

Finance Administrator Katie Wood reported that some town departments have experienced double the month's projected expenditures during July most due to Wallow Fire personnel costs and flood mitigation. The journal adjustments are not complete for the fiscal year end 2011; not all revenue has been moved. \$90,000 in Wallow Fire reimbursements has been received to date.

Councilor Rasmussen wanted to know the balance of the Reserve Fund. Ms. Wood stated that there is approximately \$107,000 in the Reserve Fund, however not all the funds are available as \$40,000 is earmarked for bond payments or other obligations.

Town Manager Bill Greenwood reported that sales tax revenue for construction is down compared to this time last year as the construction on the high school is complete. The 2011 sales tax revenue comparison to last year's year to date figures in retail and trade, and restaurant and bar have increased. Other than construction revenue overall sales tax revenue gained in July.

B. PRESENTATION BY EDUCATIONAL SERVICES INCORPORATED – AN EMPLOYEE CONTRACTING SERVICE (ESI)

Dr. John Tavasci, Jr. gave a summarization of ESI and its origins. After a member retires from Arizona State Retirement System (ASRS) they are not allowed to go back to work with an ASRS employer for more than 20 hours a week and 20 weeks in a year. Therefore, ESI is filling a void with retirees, which allows employers to hire back a skilled and experienced workforce on a leased or contracted basis. ESI is the employer of the contracted worker

therefore, an ASRS employer does not have to provide the normal benefits that are given to employees such as retirement benefits, health benefits, and other employer related expenses. The savings to the employer varies depending on the percentage of wage the employer is willing to pay the contracted worker. ESI charges a four percent fee based on the contracted workers negotiated salary.

Once a client organization agrees to the one time umbrella contract, the umbrella contract can be used for other positions within the organization and only the contracted worker's salary and benefits, if any, are negotiated with the client organization. Both ESI and the client organization can terminate the contract with 30-days notice. The contracted employer does not have the ability to change the contract unless different terms have been negotiated after the expiration of each contract year. Dr. Tavaschi stressed that the client organization is in full control of the contracted worker and the worker's negotiated salary, and benefits. ESI contracts can also include part-time employees.

ITEM #10: NEW BUSINESS

A. DISCUSSION AND CONSIDERATION TO ENTER INTO A CONTRACT WITH ESI FOR EMPLOYEE CONTRACTING SERVICES FOR BRUCE RAY, COMMUNITY DEVELOPMENT DIRECTOR

Town Manager Bill Greenwood stated that he and Mr. Ray have negotiated a proposed contract. Their mutual agreement has resulted in Mr. Ray receiving \$49,200 a year in salary, and \$11,261.08 in benefits, taxes, and retirement expenses (required alternative contribution rate starting July 2012) for a total of \$60,461. The contract will be evaluated every year. Mr. Ray stated that his projected retirement date, if the Council approves this contract would be September 29, 2011.

Mayor Holaway asked that the percentage of salary negotiated with Mr. Ray stay consistent for other employees that request contracted work through Eagar using ESI or any other employee leasing company. Mr. Greenwood stated that the negotiated salary could change based on an individual basis.

In response to questions regarding the contracted employee(s), the contracted worker must abide by the same policies and work schedules, and is supervised under the same structure as the regular employees. When regular employees receive a cost of living adjustment, many times the contracted employee is also given the same adjustment.

Vice-Mayor James Nelson, Jr. moved to enter into a contract with Educational Services Incorporated (ESI) for employee contracting services for Bruce Ray, Community Development Director with the proposed salary as submitted by Bill Greenwood. Councilor Steve Erhart seconded; all were in favor, motion carried unanimously. 6-0

Mayor Holaway moved the order of agenda items #10 H and G.

H. DISCUSSION OF ACCESS ROADS AND LAND SPLITS

Interim Public Works Director Steve Christensen stated that the latest ordinance passed by the Council regarding land splits has created unintended consequences. The Town Council discussed in length the alternatives to making a property owner make road improvements versus private access as it relates to the Town Code for land splits and liability, and how does the Town force property owners to maintain improved roads to Town standards without those standards defined. The standards for land splits or any Town Code need to relate and be fairly enforced to all the citizens and property owners as a whole. After much discussion the Council is in agreement that the Town Code needs to include clear definitions of standards when they are required. The Council asked that Vice-Mayor James Nelson, Jr. and Councilor Gary Finch work with Community Development Director Bruce Ray and Interim Public Works Director Steve Christensen to work on defining road standards and/or other definitions and to bring back their recommendations to the Council.

G. DISCUSSION AND CONSIDERATION TO APPROVE RESOLUTION 2011-28 TO APPROVE A LEASE AGREEMENT FOR THE BOYS AND GIRLS CLUB OF ROUND VALLEY FOR THE SWIMMING POOL BUILDING

The Boys and Girls Club of Round Valley has made a proposal to enter into a lease agreement with the Town of Eagar for the swimming pool building. The current building that they are leasing from the Town does not have adequate space.

After much discussion amendments were recommended to the proposed lease agreement that included:

- That the lease is operated for the benefit of the youth of the Round Valley area,
- Repairs and expenses for repairs to the swimming pool building be the responsibility of the Boys and Girls Club,
- Structural changes or alterations to the building must be approved by the Town Manager (the Town understands that the Boys and Girls Club intends on filling in the swimming pool),
- Allow the Boys and Girls Club to sublet the facility and charge fees for subletting the facility,
- Change the names of lessee and change names on signature page.

Councilor Steve Erhart moved to approve Resolution 2011-28 to approve a Lease Agreement for the Boys and Girls Club of Round Valley for the swimming pool building as amended. Councilor Byron Smith seconded; all were in favor, motion carried unanimously. 6-0

B. DISCUSSION AND CONSIDERATION TO REFINANCE THE KENNEDY WELL

Mr. Greenwood reported that Kerry Kennedy has approached the Town with a proposal to payoff the Kennedy Well lease in full for the cost of \$340,000 this is \$200,000 less than the current amount owed. The restrictions on water usage named in the lease would also be lifted. Mr. Greenwood and Finance Administrator Katie Wood have researched two different

types of lending, bonding and conventional lending. After conducting the research, conventional lending is the most advantageous option financially. Conventional lending interest rates with Bank of the West are currently 4.5%, Mr. Greenwood and Ms. Wood will continue to shop the best rates. The Council will have to consider a resolution as it relates to the final loan documents and to bring the final recommendation back to the Council.

Vice-Mayor James Nelson, Jr. moved to direct staff to move forward with the refinancing of the Kennedy Well. Councilor Steve Erhart seconded; all were in favor, motion carried unanimously. 7-0

C. DISCUSSION AND CONSIDERATION TO REFINANCE OR PAY OFF NOTEWORLD FINANCING (DAVID PULSIPHER PROPERTY SOUTHEAST CORNER OF 3RD AVENUE AND BUTLER STREET)

As the Council would like the Town to pay off some debt early, Mr. Greenwood and Ms. Wood are recommending the early debt payoff to Noteworld for the David Pulsipher property that is part of the Ramsey Park North property in the amount of \$47,000. Mr. Greenwood and Ms. Wood believe that Noteworld can be paid off early using the excess revenue the Town will receive from the Wallow Fire reimbursements. Leaving this loan with Noteworld will cost the Town, with principal and interest \$61,800. Refinancing the debt with Bank of the West will cost \$51,445.

Vice-Mayor James Nelson, Jr. moved to pay off Noteworld financing (David Pulsipher property on the southeast corner of 3rd Avenue and Butler Street). Councilor Byron Smith seconded; all were in favor, motion carried unanimously. 7-0

D. DISCUSSION AND CONSIDERATION TO CONSENT TO MAYOR HOLAWAY'S ABSENCE FROM THE TOWN FOR A PERIOD GREATER THAN FIFTEEN DAYS

Per Eagar Town Code 2.08.050 Mayor Holaway is requesting that the Council allow her to be absent from the Town for a period of fifteen days or more.

Councilor Debbie Rogers moved to consent to Mayor Holaway's absence from the Town for a period of possibly greater than fifteen days. Councilor Byron Smith seconded; Mayor Holaway abstained, motion carried. 6-1

E. DISCUSSION AND CONSIDERATION CONGRESSIONAL/LEGISLATIVE REDISTRICTING

Mayor Holaway had included maps of the proposed congressional and legislative redistricting maps of Arizona in the Council's packets. Mayor Holaway added that no redistricting hearings have been held in southern Apache County. Several Arizona cities and towns have passed resolutions or written letters in support of one of the options for the congressional and legislative districts.

After review and discussion regarding the redistricting maps, the Council feels that Option 2 for the legislative redistricting and Option 1 for the congressional redistricting would best serve the citizens of southern Apache County. The Council would like Mayor Holaway to pursue the Independent Redistricting Commission to hold a hearing in southern Apache County and offer that hearing to be held in Eagar. The Council would also like Mayor Holaway to draft a letter to the Independent Redistricting Commission stating the Council's redistricting preferences, and to finalize the letter to the Commission after the Council has participated in an Independent Redistricting Commission Hearing.

There was also discussion regarding Apache County's redistricting proposals and the Council directed the Town Clerk to find out when the Apache County Board of Supervisors would consider those redistricting proposals and to bring back to Council at a future meeting.

F. DISCUSSION AND CONSIDERATION OF RESOLUTION 2011-27 RESOLVING TO ELIMINATE IMPACT FEES (DEVELOPMENT FEES) FOR ALL NEW CONSTRUCTION IN THE TOWN OF EAGAR

Community Development Director Bruce Ray stated that due to the law passed during the last legislative session regarding Impact Fees, the added requirements, for mandated studies, administration, and collection of Impact Fees is cost prohibitive for the Town of Eagar. The Utilities Board had met at an earlier date and made a recommendation that Impact Fees be eliminated and that water and sewer connection fees be modified. If the Town does eliminate Impact Fees the Town will refund all unexpended Impact fees that have been collected.

Vice-Mayor James Nelson, Jr. moved to approve Resolution 2011-27 resolving to eliminate Impact Fees (Development Fees) for all new construction in the Town of Eagar. Councilor Gary Finch seconded; all were in favor, motion carried unanimously. 7-0

ITEM #11: EXECUTIVE SESSION

- A. EXECUTIVE SESSION AS ALLOWED BY A.R.S. § 38-431.03.A.3 – DISCUSSION OR CONSULTATION FOR LEGAL ADVICE WITH THE ATTORNEY OR ATTORNEYS OF THE PUBLIC BODY
- B. EXECUTIVE SESSION AS ALLOWED BY A.R.S. § 38-431.03.A.1. - DISCUSSION OR CONSIDERATION OF EMPLOYMENT, ASSIGNMENT, APPOINTMENT, PROMOTION, DEMOTION, DISMISSAL, SALARIES, DISCIPLINING OR RESIGNATION OF A PUBLIC OFFICER, APPOINTEE OR EMPLOYEE OF ANY PUBLIC BODY, EXCEPT THAT, WITH THE EXCEPTION OF SALARY DISCUSSIONS, AN OFFICER, APPOINTEE OR EMPLOYEE MAY DEMAND THAT THE DISCUSSION OR CONSIDERATION OCCUR AT A PUBLIC MEETING

Councilor Gary Finch moved to go into Executive Session at 9:07 p.m. Councilor Debbie Rogers seconded; all were in favor, motion carried unanimously. 7-0

RECONVENE INTO REGULAR SESSION

Councilor Steve Erhart moved to reconvene into Regular Session at 9:54 p.m. Councilor Debbie Rogers seconded; all were in favor, motion carried unanimously. 7-0

C. DISCUSSION AND CONSIDERATION OF ANY ACTION DEEMED NECESSARY FROM THE EXECUTIVE SESSION

No action was taken from the Executive Session.

ITEM #12: SIGNING OF DOCUMENTS

Mayor and Councilors signed the minutes of August 2011. The required signatures were obtained for Resolutions 2011-27 and 2011-28.

ITEM #13: ADJOURNMENT

Councilor Steve Erhart moved to adjourn the regular session at 9:54 p.m. Councilor Debbie Rogers seconded; all were in favor, motion carried unanimously. 7-0

Attest: _____

Mayor: _____

Vice-Mayor: _____

Council: _____

CERTIFICATION OF COUNCIL MINUTES

I hereby certify that the foregoing minutes are true and correct copy of the minutes of the regular session of the Town of Eagar, Arizona held on September 6, 2011. I further certify that the meeting was duly called and held and that a quorum was present.

Eva M. Wilson, Town Clerk